



March 25, 2010

**HAND DELIVERY**

Representative Barb Byrum  
PO Box 30014  
Lansing, MI 48909-7514

Dear Members, House Insurance Committee  
(Representative Barb Byrum, Chair):

Please accept this letter as evidence of our support of Senate Bill 1174 (S3), as passed by the Senate.

Michigan Retailers Association represents over 12,000 general merchandise storefronts in Michigan and is also deemed the controlling entity of Retailers Mutual Insurance Company, a Michigan-domiciled insurance company that exclusively writes workers' compensation in Michigan.

I am honored to serve as both President of Michigan Retailers Association and Retailers Mutual Insurance Company. For disclosures purposes, the committee should also be advised that I was elected to the Fremont board as an independent director in 2009.

Our support for the proposed legislation is summarized below,

1. Michigan Retailers Association has endorsed Fremont Insurance Company's home, auto, and general liability commercial products (excluding workers' compensation) for its members. Like many affinity programs, members of the association receive a discount on these products, and these discounts could evaporate if a change of control occurs that is not fully supported by the board and its shareholders, thus potentially increasing costs for participating retailers.
2. Michigan Retailers is committed to growing and supporting businesses within our state. As businesses develop and mature, retail expands. Fremont is a wonderful example of a small business that is committed to and has reinvested in Michigan. The thresholds offered in this bill could help retain Michigan jobs.
3. Mutual insurance companies are, by their very nature, limited by the means in which they can generate capital. As a result, many mutuals eventually decide to convert to a stock company in order to support their growth plans. This bill provides a modest layer of extra protection that simply allows a newly capitalized company the opportunity to gain traction and provide for additional Michigan job growth. In fact, passage of SB 1174 may very well encourage other insurance companies to locate within the state and, perhaps, encourage other mutuals to consider conversion.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'J. P. Hallan'.

James P. Hallan  
President and Chief Executive Officer  
Michigan Retailers Association/Retailers Mutual Insurance Company

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